

MINUTES OF THE MEETING  
EDUCATION AND CULTURAL RESOURCES COMMITTEE  
49TH LEGISLATURE SPECIAL SESSION III

June 25, 1986

The meeting of the Education and Cultural Resources Committee was called to order by Chairman Dan Harrington on June 25, 1986, at 1:00 p.m. in room 312-2 of the state capitol.

ROLL CALL: All members of the committee were present.

CONSIDERATION OF SENATE BILL NO. 9: Senator Fred Van Valkenburg, District 30, sponsor of the bill, stated that SB 9 has been as much discussed and widely debated as any other measure before the session. The mechanics of the bill are to return school foundation schedules to the 1985-86 school year levels for the coming school year. He stated the bill is necessary in order to address the nearly 100 million dollar deficit the state's general fund is facing in the coming fiscal year. Senator Van Valkenburg stressed the state of Montana has a very strong commitment to education demonstrated clearly in the dollars appropriated for education. In terms of total state expenditures in general fund and foundation program equalization and for other education, the state commits approximately 57% of total funds (Exhibit 1). Nearly 67% of all state education funding goes for K-12 schools he said.

Senator Van Valkenburg went on to state if the legislature is to address a nearly 100 million dollar deficit and not pass major general tax increases, some education expenditures must be considered for reductions. He believes that the legislature has cut to the bone in all areas, but particularly in the university system where it is totally impossible to cut further. If the legislature ends up passing a pay freeze, which is very likely, then we end up again hitting the university system with an additional 3.25% cut in appropriations. He stated to make no cuts in K-12 would be a gross injustice to state programs, state employees and more importantly to the students and faculty of our university system.

Senator Van Valkenburg continued that there are ways public schools can adjust to reductions in spending levels for next year that other programs do not have. He does not suggest that reserves be relied upon forever or that every district has the ability to use reserves but there are 123 million dollars in these reserves. All but 20 districts in the state have reserves to cover the proposed 4% reduction. In addition to the reserves school districts can also adjust to this reduction in spending levels by using emergency levies,

another area not available to any other programs such as the university system, Warm Springs, or Boulder.

Senator Van Valkenburg felt the passage of this bill could have some positive benefits in terms of forcing school boards to take a look at how they are doing business and do it better and also in finding methods of economizing. He said school systems need to look at consolidation and other issues which have not been looked at in the past very seriously. He continued that a cut may indeed generate public interest in raising revenue, which is probably the long term solution in funding education. He said the public mood is not there now to raise revenue and it is doubtful that it will happen this session.

In closing, Senator Van Valkenburg urged the committee to seriously consider the bill. He feels that if the education committee ignores the need for some contribution from the K-12 system it sends a message to the legislature as a whole and to the public they don't want to give up any piece of the pie. Ignoring the issue runs the risk of a negative backlash coming back to education such as a reduction in PIR days, which the Senate is now debating. While Senator Van Valkenburg stated he does not support that particular legislation, he sees it as a clear example of the frustration others feel over the total dollars available for K-12. He stated that a freeze in the foundation program treats everyone equally.

PROPONENTS: David Hunter, Director, Office of Budget and Program Planning, stated this bill is part of the governor's package which is viewed as fair and keeps from increasing the rate of spending in FY 87 over what was spent in FY 86. Even if the legislature passes this bill he stated the state of Montana can still show that education is a clear priority. In relation to other budget reductions of 5% this bill would reduce the expected revenue for school districts by only 2.1%. Even with other reductions in special education, school transportation and the local government block grant program, the reduction in the anticipated revenue for school districts is still less than 3%. Mr. Hunter stressed education is clearly taking less of a reduction than any other service funded by the legislature. He concluded by stating the alternative to this bill will be to raise taxes which the governor recommends as a last resort.

Representative Paul Pistoria, Great Falls District 30, stated he has always supported teachers, unions, and working people, but must absolutely now support SB 9. He stated he has worked for four years with the Great Falls system to use its reserves. Rep. Pistoria said he doesn't talk from heresay

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but from facts received from the county treasurer regarding school district reserves (Exhibits 2,3,4). He said the taxpayers of Montana have been efficiently brainwashed by school superintendents and the office of public instruction. Out of the approximate 550 districts in the state he found there are only a few that have no reserves. In conclusion, Rep. Pistoria praised the school districts who have zero in reserve since in his opinion they run the school system more efficiently and do not need them.

Representative Gene Donaldson, House District 43, stated it time the legislature face the cold hard realities of the lack of revenue and also the fact that schools are going to have to take a cut. He said the legislature will have to deal with the problems of equalization and also the fact the system does not appear to be very efficient in having 550 school districts in the state. He also said special education which takes approximately 1/6 of the total budget must be addressed and dealt with. The use of reserves to pick up the slack for the 4% freeze on the foundation program is without a question a use of the local property tax money. He said the reserves were built with local property tax money and can be used at any time to reduce the local property tax levy. He stressed it would be considered legitimate to use these reserves. To conclude, Rep. Donaldson stated he reluctantly endorses SB 9 and urged the committee to pass it out.

Representative Ray Peck, House District 15, stated he has been on the side of education consistently since coming to the house in 1983 when the governor was recommending a 0% for the foundation program. At that time Rep. Peck introduced a bill calling for a 12% increase. He said he has been forced to take the position that the freeze is valid and all should share equally in the problem. He reminded the committee that this is not a cut but a freeze while all other programs have been cut, with the exception of foster care which was frozen. Rep. Peck said he truly believes school districts can take these cuts and have contingency plans ready to deal with reduced budgets in 1986-87. He also stressed that he has never had it proven that the quality of education is a function of cost.

Representative Mel Williams, House District 85, stated his support for SB 9 and read a letter from Superintendent Robert Singleton of Laurel, who also concurred. Contrary to many fellow administrators, Mr. Singleton said he believes public schools must share in the necessary cuts. He does not feel the districts that have depleted their reserves should be

bailed out by the legislature. He also questioned the use of low interest loans to the schools and that they should not be rewarded for poor judgement and lack of fiscal responsibility.

OPPONENTS: Representative Richard Nelson, House District 6, stated his opposition to SB 9 and said it will have a detrimental effect on the students of the state of Montana. He added it is a violation of a "contract" with the school districts.

Bill Cooper, Superintendent, Kalispell School District, stated he does not feel it responsible for school districts to have 35% of their money in reserves, but that being a school district with no reserves is equally irresponsible. He feels a happy medium needs to be reached. He feels the legislature needs to turn its attention away from cutting and toward finding different sources of revenue to deal with the problem. Kalispell stands to loose approximately \$130,000 elementary and \$170,000 at the high school level, which is a substantial loss. He said there are no reserves at the high school level and at the elementary only about 10-12%. Kalispell has been consistently viewed as being conservative in budget planning and expenditures, with cost per student being one of the lowest for the state. Mr. Cooper added the reserves for Flathead High School over the last several years has never amounted to over 4-6%. His school district is run conservatively with no room to cut and the 4% decrease will definately hurt.

Ed Argenbright, Superintendent of Public Instruction, stated vigorous opposition to SB 9 and said a vote for this bill will be a vote to cut those who have been frugal and doing a good job. He sees this as a definite cut since school districts have based their budgets on the legislature providing a certain amount to maintain quality education in Montana. This is not fair since the size of reserves varies from district to district as do the costs. The ability to make up this shortage through property tax increase is also unequal. Mr. Argenbright said this is a change of rules in the middle of the game and even though districts may have alternatives such as emergency levies, registering warrants or using reserves, they all spell tax increases for the property taxpayers of Montana. He added that currently for the general fund budget 40% of revenue comes from county sources, 34% from district sources, which are all property tax, and the other 26% comes from the state. The 26% will be simply shifted from the state responsibility to the local property taxpayers. He concluded by stating the 11 million dollar plus reduction amounts to roughly a 4 mill property tax increase statewide, which is not fair to the people.

Wayne Buchanan, Montana School Boards Association, stated this has been one of the most difficult bills he has opposed. There is no question about the fact of the seriousness of the state revenue problem. He sees this bill not as a reduction but as a loan, since ultimately we must be responsible for the money taken out of the foundation program. If the 4% is taken, the legislature will need to fund an 8% next time around in order to catch up, which merely compounds the problem. He stated that in 1948 the legislature adopted the system of equalization in Montana which is the foundation program. If this system is not funded sufficiently schools are deprived of monies needed to operate and as a result the reserves are depleted and the equalization program is eroded. Mr. Buchanan also stated that Montana's school system is neither excessively funded nor comparatively expensive. Montana currently ranks fourteenth in cost per student and last year spent \$3604 per student with the national average at \$3186 per student. Transportation problems alone could easily account for the additional \$418 spent. We have a large state with a low population which makes the consolidation issue a touchy one since our students would need to be spending hours and hours on buses travelling on difficult roads to get to far away schools.

Mr. Buchanan also stated Montana does not overpay its teachers since we rank 31st in the country for teacher pay. The average teacher salary is \$22,482 in Montana with the national average at \$25,257. He stressed the money is not going into teacher salaries and only 13-17% of all education money does so. In conclusion, he stated Montanans get far more than they pay for in the finished product. Montana consistently ranks in the top five states for excellence in our education system.

Terry Minow, Montana Federation of Teachers, Montana Federation of State Employees, Montana Public Employees Association, stated their opposition to SB 9. She summarized her argument with the five words: quality, commitment, timeliness, taxes and equity. The constitutional right to quality and equality in education is in jeopardy, she stated. Ms. Minow added the legislature made a commitment to education and this bill is simply an attempt to renig on the promise. School districts are looking at ways to reduce budgets and have already signed contracts with teachers and other employees, already run mill levies and set their budgets. She sees this bill as representing a tax increase or tax shift for the property taxpayer. She concluded by saying it does not take courage to go along with the governor's agenda and urged the legislature to make good on its commitment and promise to education.

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Don Waldron, Superintendent, Hellgate Elementary School, spoke for the administrators of Montana as their legislative chairman and voiced opposition to SB 9. He stated the needs are the same as eighteen months ago, nothing has changed. He said any reduction will simply be passed on to the local property taxpayer and not passed on equally as the foundation program indicates. Mr. Waldron also submitted an analyses of several points on why the foundation program should continue as approved in the 1985 session (Exhibit 5).

Jess Long, Executive Secretary, School Administrators of Montana, stated opposition to SB 9. He reiterated that transportation is being cut 5%, special education 5%, vocational education 5% and in general schools are suffering greatly. He added the schools are looking at a numerous amount of cuts already and cannot afford a double hit at this time on the 4% as well.

Patti Scott, Montana Parent Teacher Association, stated opposition to SB 9. She was perplexed that the senate on one hand refuses to use the coal trust fund because it would jeopardize future generations and on the other hand passes this bill which is very detrimental to future generations of Montanans. She said when money is taken from the school foundation program to cure the ills of state government it is a blatant misuse of monies.

Ed White, Superintendent, St. Regis School District, stated opposition to SB 9 and said the voters in his district just passed 58.7 mills for elementary and 48.6 mills for the high school and cannot afford to pass another 4%. He sees the far reaching effects of this action as more lawsuits. Some districts have already signed contracts based on the premise they would get their money and some have asked voters to pass levies at lesser amounts on the premise the money would be there. Mr. White sees the issue of reserves as one of pure fallacy. Those districts who must rely on their reserves need a refresher course in accounting since using these reserves means operating with a negative cash flow. He asked if it is feasible in the state of Montana to balance the state budget at the cost of unbalancing every school budget in the state and open wide for lawsuits. He stressed that a freeze after the fact is indeed a cut, pure and simple.

Eric Feaver, President, Montana Education Association, also voiced opposition to SB 9 and brought out the following:

- 1) Montana's public education is excellent - as good as any offered anywhere in the United States and perhaps better,
- 2) education is vital to the state's economic, social,

cultural and policial well-being, 3) education has already taken its fair share of cuts, 4) reserves are inadequate and inequitably held, 5) SB9 represents a cost tax transfer from the state to the local, 6) SB 9 puts the foundation program into retreat, 7) SB 9 adds fuel to the underfunded school lawsuit, 8) SB 9 encourages the raging property tax revolt going on now in Montana, 9) SB 9 is a cut and a broken promise at a most unfortunate time, 10) there are alternatives and 11) public education in Montana is not selfish in resisting SB 9. Mr. Feaver concluded by stating public education in Montana is selfless in its committment to an advocacy to the children of Montana.

Alice Tulley, School Board Trustee, Hellgate Elementary School, stated opposition to SB 9. As a local school board trustee she said it is getting very tiring to shoulder the state responsibility for not funding their share of education and time and time again having to go back to the taxpayers for more support.

Jeff Satterly, Superintendent, Butte School District, also voiced opposition to the bill stating Butte is now going through a major economic crisis and has recently failed its second mill levy and will have a rough time passing a third. Butte has laid off 160 teachers and 60 staff members. He stressed the fact Butte has expected to receive the promised foundation money and has it already budgeted. Mr. Satterly concluded that the loss of this approximate \$300,000 will result in school closures and possibly more layoffs.

Representative Ray Brandewie, House District 49, House Education Committee Member, also went on record as opposing SB 9.

Representative Dan Harrington, House District 68, Chairman, House Education Committee, stated his strong opposition to SB 9. He asked if the legislators truly show courage by accepting the governor's plan for cutting schools, cutting welfare and other programs across the state of Montana. He stated in his district they have suffered loss of taxable valuation due to the shutdown of industry and loss of tax base because Butte is trying to provide incentive for industry to move in and pick up the loss. He emphasized the fact that education has suffered great cuts already; cuts that include block grant monies (\$400,000 additional out of the Butte district), transportation cuts of 5%, and special education cuts of 5%. Rep. Harrington also stressed the loss of 4% is not only 4% today and this year but 4% added year by year. In conclusion, he stated when the legislature reconvenes in 1987 it faces a very serious problem in funding anything and as Mr. Hunter had previously stated, the figure

will be 100 million dollars to fund 0%.

QUESTIONS AND DISCUSSION: Rep. Eudaily asked Mr. Hunter why in the case of education there is a freeze of 4% instead of a 5% cut of general fund money as done in all other areas. Mr. Hunter responded that in certain appropriate cases the governor recommended spending the same amount in FY 87 as in FY 86. A 5% cut would have been substantially more than 11.2 million dollars. Mr. Hunter also said the 2.1% is the amount of money that the 4% increase in the foundation program schedule represents as a percentage of school district's 85-86 general fund budget. Those budgets are made up not only of general fund revenues but of local revenues as well.

Rep. Nelson asked Supt. Bill Cooper to comment on the proposed use of interest of Kalispell's 10 million dollar bond issue and the legalities of its use. Supt. Cooper responded that indeed Kalispell did pass two bond issues, one at approximately 5 million dollars for elementary and another approximately 5 million dollars for the high school. The district did suggest using the interest of these monies to, in effect, get Kalispell over the hump, but there appears to be a problem in doing so. The county attorney states it would be illegal.

Rep. Peck asked Supt. Cooper to state where the Flathead school district per pupil cost falls in relation to other districts in Montana. Supt. Cooper responded that roughly speaking Kalispell falls around the 33% at the elementary level and about 12% at the high school. Rep. Peck then asked where Kalispell students fall in terms of achievement and he stated they rate very high and that their staff does a tremendous job.

Rep. Williams then asked Bob Stockton to explain why some districts have reserves and some have none. Mr. Stockton stated reserves are actually budgeting gimmicks that only have meaning one time of the year - budget time. It allows a school district to set aside a certain amount of money from their ending cash balance at the end of a fiscal year in which to do business until new revenue comes into the district. At budget time the board of trustees looks at the ending cash balance and decides how much they can use of the reserves. The purpose is to have an ending balance that allows you to do business without borrowing money. Mr. Stockton also stated most of the county treasurers do not even know what the reserves are since it is just part of the cash balance of the funds. Mr. Stockton considers it very wise for schools districts to have reasonable reserves.



Rep. Peck closed by saying education must do its share and adjust to the serious budget situation. A freeze would not destroy the educational system in Montana and as a matter of fact could force schools to look at how they are run, which could produce a very positive effect.

CONSIDERATION OF SENATE BILL NO. 8: Senator George McCullum, District 26, sponsor of the bill, stated this bill will change to mandatory the county 1 1/2 mill levy in a county with a vocational-technical center. This then becomes money that the office of public instruction can use for the maintenance and support for federal reporting purposes.

PROPOSERS: Gene Christiaansen, Assistant Superintendent for Vocational Education, Office of Public Instruction, stated OPI's support for SB 8 and said it does clarify the present accounting system. The current law does state we should be using governmental accounting.

Also stating support for SB 8 were: Eric Feaver, President, Montana Educational Association, David Hunter, Director, Office of Budget and Program Planning, and Rep. Mel Williams, House District 85.

OPPOSERS: None.

QUESTIONS AND DISCUSSION: None.

DISPOSITION OF SENATE BILL NO. 8: Rep. Hannah made a motion that SB 8 DO PASS. The motion was seconded and CARRIED unanimously.

DISPOSITION OF SENATE BILL NO. 9: Rep. Eudaily proposed an amendment to SB 9 for a 2% adjustment in the schedules. He stated a 2% increase is halfway between the 4% increase and the freeze that SB 9 proposed. This compromise will be cutting the cost of education if accepted. He said the amendment would also freeze the base level at the 1985-86 schedule amount. The motion was seconded by Chairman Harrington.

Rep. Peck opposed the amendment once again stating his firm stance to accept SB9 as is, a freeze and not a cut.

Rep. Brandewie said he would reluctantly support the amendment for the 2% as proposed by Rep. Eudaily as did Reps. Kitzelman and Montayne.

Rep. Glaser stated to the chairman that it will be essential to do something about school financing in the next session and that's when it should be done.

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Chairman Harrington then called for a roll call vote on the motion to amend SB 9. The motion CARRIED by a vote of 13 aye and 5 nay.

Rep. Schye then made a substitute motion to table SB 9. The motion was seconded and Chairman Harrington again called for a roll call vote. The motion to table SB 9 CARRIED by a vote of 13 aye and 5 nay.

ADJOURNMENT: There being no further business to come before the committee, the meeting was adjourned at 4:30 p.m.

  
Dan W. Harrington, Chairman

DAILY ROLL CALL

EDUCATION

COMMITTEE

49th LEGISLATURE SPECIAL SESSION III

Date June 25, 1986

NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	X		
Eudaily, Ralph, Vice-Chairman	X		
Brandewie, Ray	X		
Glaser, William	X		
Hannah, Tom	X		
Harbin, Raymond	X		
Kennerly, Roland	X		
Kitselman, Les	X		
Mercer, John	X		
Montayne, John	X		
Nelson, Richard	X		
Nisbet, Jerry	X		
Peck, Ray	X		
Sands, Jack	X		
Schye, Ted	X		
Stang, Barry	X		
Thomas, Fred	X		
Williams, Mel	X		

# STANDING COMMITTEE REPORT

June 25, 1956

Mr. Speaker: We, the committee on Education and Cultural Resources  
report Senate Bill No. 3

☐ do pass  
☐ do not pass

☒ be concurred in  
☐ be not concurred in

☐ as amended  
☐ statement of intent attached

Dan Harrington

Chairman

TO CHANGE FROM PERMISSIVE TO MANDATORY THE COUNTY 1 1/2  
MILL LEVY IN A COUNTY WITH A VOCATIONAL-TECHNICAL CENTER

Third

Blue

reading copy ( )  
color

# ROLL CALL VOTE

EDUCATION

COMMITTEE

DATE June 25, 1986

BILL NO. SB 8

NUMBER 1

NAME	AYE	NAY
Harrington, Dan, Chairman	✓	
Eudaily, Ralph, Vice-Chairman	✓	
Brandewie, Ray	✓	
Glaser, William	✓	
Hannah, Tom	✓	
Harbin, Raymond	✓	
Kennerly, Roland	✓	
Kitselman, Les	✓	
Mercer, John	✓	
Montayne, John	✓	
Nelson, Richard	✓	
Nisbet, Jerry	✓	
Peck, Ray	✓	
Sands, Jack	✓	
Schye, Ted	✓	
Stang, Barry	✓	
Thomas, Fred	✓	
Williams, Mel	✓	

TALLY

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Dianne McKittrick

Dan Harrington

Secretary

Chairman

MOTION:

Motion DO Pass SB8

# ROLL CALL VOTE

EDUCATION

COMMITTEE

DATE June 25, 1986 BILL NO. SB 9 NUMBER 2

NAME	AYE	NAY
Harrington, Dan, Chairman	✓	
Eudaily, Ralph, Vice-Chairman	✓	
Brandewie, Ray	✓	
Glaser, William		✓
Hannah, Tom		✓
Harbin, Raymond	✓	
Kennerly, Roland	✓	
Kitselman, Les	✓	
Mercer, John	✓	
Montayne, John	✓	
Nelson, Richard	✓	
Nisbet, Jerry	✓	
Peck, Ray		✓
Sands, Jack		✓
Schye, Ted	✓	
Stang, Barry	✓	
Thomas, Fred	✓	
Williams, Mel		✓

TALLY

13 5

Dianne McKittrick

Dan Harrington

Secretary

Chairman

*SB 9*  
MOTION: as amended TO BE CONCURRED TAI

# ROLL CALL VOTE

EDUCATION

COMMITTEE

DATE June 25, 1986

BILL NO. SB 9

NUMBER 3

NAME	AYE	NAY
Harrington, Dan, Chairman	✓	
Eudaily, Ralph, Vice-Chairman	✓	
Brandewie, Ray	✓	
Glaser, William	✓	
Hannah, Tom		✓
Harbin, Raymond	✓	
Kennerly, Roland	✓	
Kitselman, Les		✓
Mercer, John	✓	
Montayne, John	✓	
Nelson, Richard	✓	
Nisbet, Jerry	✓	
Peck, Ray		✓
Sands, Jack		✓
Schye, Ted	✓	
Stang, Barry	✓	
Thomas, Fred	✓	
Williams, Mel		✓

TALLY

13

5

Dianne McKittrick

Secretary

Dan Harrington

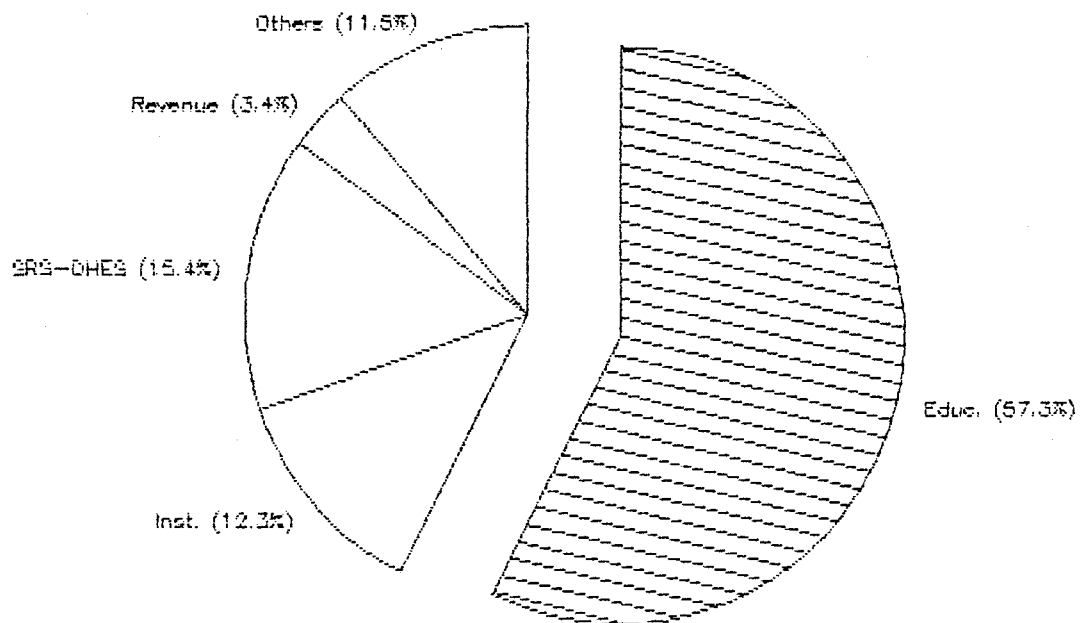
Chairman

MOTION:

Tabled SB 9 as Amended

## FY 1986 APPROPRIATION PERCENTAGES

Includes Foundation Prog. Equalization



### General Fund & Foundation Program Equalization Expenditures FY 85 (in million \$)

Education	\$300.04
Institutions	\$64.47
GRS-Health	\$80.66
Revenue	\$17.76
Others	\$60.43
Total	\$523.36

Totals include \$150 million of state equalization aid for the school foundation program.



# LET'S NOT LET JERRY WEAST & THE SCHOOL BOARD GET AWAY WITH IT THIS TIME.

SOME OF THE ENORMOUS & NOW AVAILABLE RESERVE FUND SHOULD BE USED INSTEAD OF TAXING US TO DEATH. IT BELONGS TO US, NOT THEM.

THE AMOUNTS OF THE SCHOOL SYSTEM RESERVE FUND WAS ACCUMULATED PERIODICALLY EACH MONTH FROM APRIL, 1984 THROUGH DECEMBER, 1985 (21 MONTHS). IT IS SELF-EXPLANATORY AND RIGHT FROM THE HORSES MOUTH, THE COUNTY TREASURER'S OFFICE. IF THE FIGURES ARE NOT ACCURATE, IT ISN'T MY FAULT.



Exhibit 2  
June 25, 1986  
SB 9  
Rep. Pistoria

I have been after them for several years to use some of the RESERVE FUND. You must remember in March, 1984 I wanted MR. WENAS, MR. LAMB & THE SCHOOL BOARD to use \$900,000 for the new C.M.R. Shop from the RESERVE FUND instead of, the 1 MILL LEVY each year for 3 years. It passed by only 71 votes. The C.M.R. Shop hasn't been started as yet. But, if the RESERVE FUND had been used, the C.M.R. Shop would have been built sometime ago and in use without any tax increase & it would not affect the RESERVE FUND. THIS PROVES THAT I WAS RIGHT.

IMAGINE, that same year in April, 1984, there was \$12,960,435 in the RESERVE FUND, NOT \$4,500,000 as Mr. Wenas, Mr. Lamb & the School Board had stated. They are brainwashing the Public.

Again, this year, I have been after them to use some of the RESERVE FUND. WHY NOT? As you check below, you can see where the AVERAGE RESERVE per month for 21 months was \$11,977,168. Also NOTE, in November, 1985, there was \$15,294,172 in the Reserve & in December, 1985, the Reserve was \$12,409,314. NOTICE BELOW . . . the School Reserve is MORE than the \$10,000,000 for the whole STATE RESERVE PER YEAR. This should OPEN YOUR EYES & NOT BE ALLOWED. THIS IS SHAMEFUL & NOT FAIR.

I gave Jerry Weast a copy of the Reserve Fund Figures as shown below. I met ALONE with him a few times and had a few telephone conversations with him to try to convince him on a couple of proposals on how to use some of the RESERVE. One was to use approximately \$2,000,000 to REDUCE TAXES & HELP THE 1986-1987 BUDGET. The other proposal was to use approximately \$410,000 which he said was needed so as not to eliminate any teachers and other employees. Thus, they can maintain the same Balanced Budget for 1986-1987 without raising taxes and THIS WAS THE FAIR WAY TO GO because no lay-offs would be made and it would help maintain our Economy.

I TOLD HIM IT WOULD BE A FEATHER IN HIS HAT AND MAKE HISTORY. He acknowledged that it would. He seemed to be interested and he was considering it, and, would let me know. But, as I read the Tribune on Saturday, March 1, 1986, he mentioned a more lenient New Plan, other than using some of the Reserve. I decided to speak to all of them at their Monday, March 3, 1986 regular School Board Meeting ON WHY THEY SHOULD USE SOME OF THE RESERVE FUND.

I did speak on the using of Reserve Proposals as I stated above at their March 3rd regular meeting. During our visit, Jerry weast admitted he had considered them, but was hesitant to use the Reserve. We will never get the real reason WHY?

I strongly advocated using the Reserve. I especially dwelled on using approximately \$410,000 thereby preventing lay-offs of teachers and other employees, which isn't necessary with that much Reserve on hand. It is terrible to put these people out on the street with nothing to look forward to here. It would worsen our economy, create loss in taxes and hurt our unemployment insurance which is now in trouble financially.

WHAT IS WRONG with this proposal as long as it didn't affect the 1986-1987 Budget without any increase in taxes. NOTHING. But, they didn't LISTEN.

In the 1985 session, I introduced H.B. 630 to place a \$6,000,000 Cap on the School's Reserve and leaving the 35% so as not to hurt the smaller schools and it was defeated. Ben Larnb testified against the bill, but admitted at the Hearing, that my figures were accurate. Isn't this something, contradicting his remarks. Due to your actions, you have convinced me that we need to place a \$6,000,000 Reserve Cap. I, again will introduce the same Bill in the 1987 Session. I will never give up on this issue.

Both T.V. Stations and the Tribune were represented by their people at the meeting. But, none of the above remarks and the Reserve Figures were mentioned by them. WHY? No doubt, it depends on who you are. Our citizens deserve better treatment than that. They would do us a FAVOR by staying home. This goes on continuously. No one knows better than me.

They always give the excuse, if they use the Reserve, they would have to use Registered Warrants, especially, at the end of the year. It proves that it isn't so.

In fact, no Registered Warrants have been issued sine the School Foundation Program was adopted in 1949. THIS IS TRUE. They don't have a legitimate excuse.

Mr. Weast, I am happy that I have disturbed all of you. THE TRUTH SURE HURTS. I never talk from hearsay. I always produce the facts. If that is making Political Hay and cutting in the wrong field, well as long as I am around, I will be doing more. Maybe you do not know it, but in my boyhood, I was raised on a farm before furthering my education and could dwell on my experiences. I never was caught cutting hay on neighbors field and this was long before you were born.

Mr. Lamb, my figures are not misleading. I got them from the Horses Mouth, from the County Treasurer's office. You know if the BILLS are not paid in one month, they are picked up in the next month as in your own checking account. Just get your act together, this isn't the FIRST time that you were found to be wrong.

I WANTED TO INFORM ALL OF YOU ABOUT THE TRUTH ON THIS ISSUE

REC'D - MON.-FEB. 10, 1986-PAUL G. PISTORIA-MADE UP FOR ME.  
CASH BALANCES TAKEN FROM CASCADE COUNTY TREASURER'S RECORDS  
(All Funds)

DATE	IC	ELEMENTARY 1	TOTAL
APRIL, 1984	\$7,367,013.82	\$5,593,421.86	\$12,960,435
MAY, 1984	6,716,734.25	4,664,105.06	11,380,839
JUNE, 1984	6,958,951.53	5,085,748.37	12,044,699
JULY, 1984	4,682,930.29	4,766,328.81	9,449,259
AUGUST, 1984	4,562,423.78	4,561,308.63	9,123,732
SEPTEMBER, 1984	6,881,865.34	4,765,743.93	11,647,608
OCTOBER, 1984	5,871,500.36	2,923,244.82	8,794,745
NOVEMBER, 1984	5,449,412.78	2,870,782.48	8,320,195
DECEMBER, 1984	6,159,050.50	4,518,696.95	10,677,747
<hr/>			
JANUARY, 1985	8,186,777.87	5,979,613.78	14,166,391
FEBRUARY, 1985	7,213,857.91	4,361,670.08	11,575,528
MARCH, 1985	6,990,365.20	8,794,975.57	15,785,340
APRIL, 1985	7,650,110.28	5,034,021.59	12,684,132
MAY, 1985	8,013,803.54	4,941,158.63	12,954,962
JUNE, 1985	8,240,758.19	6,127,863.62	14,368,621
JULY, 1985	6,052,172.12	5,673,061.85	11,725,233
AUGUST, 1985	6,371,014.46	5,963,558.35	12,334,572
SEPTEMBER, 1985	7,576,880.70	4,529,623.40	12,106,504
OCTOBER, 1985	7,654,521.89	4,051,981.48	11,706,503
NOVEMBER, 1985	9,173,168.13	6,121,004.62	15,294,172
DECEMBER, 1985	7,555,868.67	4,853,445.83	12,409,314
TOTAL-----			\$251,520,536

TOTAL - \$251,520,536 - 21 MONTHS = \$11,977,168 - AVERAGE PER MONTH FOR 21 MONTHS.

SINCE YOU DO NOT INTEND TO USE SOME OF THE RESERVE, I KNOW HOW I WILL VOTE ON THE LEVIES.

ANY DONATIONS, EVEN A \$1.00 WILL BE APPRECIATED TO HELP ME PAY FOR THIS AD.

IF I RECEIVE ENOUGH IN DONATIONS, I WILL DWELL ON THIS IN THE TRIBUNE IN THE NEXT AD. THE CITIZENS NEED TO KNOW.

P.S. Air Richard Michalini, you should start learning your department. I did not get these figures from you. I knew better than that - you should get your act together too. It's a good thing you have competent help that knows their work well.

THANK YOU.

This Ad Paid for by Paul G. Pistoria, 2121 Central Avenue, Great Falls, MT

Paul G. Pistoria  
Paul G. Pistoria  
State Representative

12

*Recd - mon - Feb. 10, 1986 - Paul G. Pistoria - made up for me.*

CASH BALANCES TAKEN FROM CASCADE COUNTY TREASURER'S RECORDS  
(All Funds)

Exhibit 3

June 25, 1986

SB 9

Rep. Pistoria

<u>DATE</u>	<u>IC</u>	<u>ELEMENTARY 1</u>	<u>TOTAL</u>
APRIL, 1984	\$7,367,013.82	\$5,593,421.86	\$12,960,435
MAY, 1984	6,716,734.25	4,664,105.06	11,380,839
JUNE, 1984	6,958,951.53	5,085,748.37	12,044,699
JULY, 1984	4,682,930.29	4,766,328.81	9,449,259
AUGUST, 1984	4,562,423.78	4,561,308.63	9,123,732
SEPTEMBER, 1984	6,881,865.34	4,765,743.93	11,647,608
OCTOBER, 1984	5,871,500.36	2,923,244.82	8,794,745
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NOVEMBER, 1985	9,173,168.13	6,121,004.62	15,294,172
DECEMBER, 1985	7,555,868.67	4,853,445.83	12,409,314

note: MON-FEB. 10, 1986

The nov, 1985 - G.F. School District Reserve was \$15,294,172. much more than the State Reserve. The average Reserve per month for 21 months is \$11,977,168 or approx \$12,000,000 Reserve which is more than the State Reserve of approx \$10,000,000 per year or \$20,000,000 in the biennium 1985-1986.

TOTAL ----- \$ 251,520,536 ÷ 21 MONTHS =  
\$ 11,977,168 - AVERAGE  
PER MONTH FOR 21 MONTHS.

#3

# County of Yellowstone



FINANCE

(406) 256-2777

Box 35000  
Billings, MT 59107

June 9, 1986

*Recd Tues - June 10, 1986*

Honorable Paul Pistoria  
State Representative  
House District #36  
2421 Central Avenue  
Great Falls, Montana 59401

Dear Representative Pistoria:

Per your request, I am submitting a detailed list of Investable Funds for S.D. #2, Billings, from October 1985 through April 1986. The month ending investment balances are as follows:

October	\$12,700,000
November	13,400,000
December	18,000,000
January	17,400,000
February	17,400,000
March	21,400,000
April	22,200,000

I hope this information satisfies your needs.

Sincerely,

*Jerry S. Thomas*  
Jerry S. Thomas  
Finance Director

JST:gp

#4

*Overview*

Why continue the Foundation Program as approved in the 85 session?

*Do not give us an entirely cut freeze*

1. The needs existed in April, 1985 and still do. The Legislature should focus on the reason (s) for revenue shortfalls and correct the source.
2. The Foundation Program does not <sup>necessarily</sup> fund those programs/services which will likely be cut - ~~the District~~ <sup>James Caden</sup> provides these funds.
3. The effort has been made by districts in the approval of their levies and people expect programs/services to remain intact. The State must uphold their end of the bargain.
4. According to the results of the March, 1986 Montana Poll, 72% of those surveyed said that cuts should not be made in support for elementary and secondary education. (Also higher education.) Moreover, 60% of the respondents said the State should increase revenues in the form of new taxes or other sources.
5. Any cuts at the State level will ultimately be passed on to local taxpayers. Not only are they passed on but they are passed on an inequitable basis because some district do not even have to depend on State monies to fund the Foundation Program.

*Emergency levy - only for unforeseen circumstances.*

*Don Waldron*

VISITORS' REGISTER  
EDUCATION & CULTURAL RESOURCES COMMITTEE

BILL NO. SB 8, SB 9 DATE June 25, 1986

SPONSOR SB 8 - McCallum SB 9 - VanValkenburg

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Thomas E. Schneider	MPEA		X
Eric Feaver	MEA	SB 8	SB 9
Darrell Luman	MEA	SB 8	SB 9
Robert Banks	School Dist #40		✓
Ed. A. White	" " 1 & 6		✓
Bill Cooper	Sch Dist #5 Kalspell		✓
Carolyn Heing	MEA - PEA		✓
Judy A. Eslick	" "		✓
Bill Robinson	MEA Polson Ed Assn		✓
Webb Lantz	Fawell Co.		✓
Tom Pelt	School Dist #11/12		✓
Julie Hacker	Madison Co. Teachers	✓	
Dave Depew	MPEA		X
Andrea Whitney	Mantol	SB 8 ✓	
Don Waldron	S.A.M.	SB 9	X
John Kravick	Great Falls Public Sch		X
Gene Christensen	OPI	SB 8	SB 9
Ed Thompson	Supt. of Public Inst.	SB 8 ✓	SB 9
David	St. Falls Public Sch	SB 8	SB 9

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER  
Education & Cultural Resources COMMITTEE

BILL NO. SB 8 - SB 9

DATE June 25, 1986

SPONSOR \_\_\_\_\_

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Terry Minow	MT Fed Teachers		X
John Malee	" " "		X
Ray Shackelford	OPI		
James W. Long	SA/M		X
Alfred Tully	Helena Elem. MS/H MT Schol Bds Assn		X
Ray Norrhen			
Mike Dahlen	MFT		X
Paul A. Pistoria	Representative MT Fed Dist 36	S.B.9 X	
Patti Scott	MPTA		X
Jeff Latterby	Butte School Dist No 1		X
Jim McGarvey	MT Fed Teachers		X
Linda Latterby	Butte School Dist		✓
Walter Buchanan	MSB H		X

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.